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ARIZONA CORPORATION COMMISSION

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DATE: DECEMBER 23, 2015

AZ CORP COMMISSION
DOCKET CONTROL

DOCKET NO.: W-01536A-15-0269

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Belinda A. Martin. The recommendation has been filed in the form of an Opinion and Order on:

BOX 1, INC DBA LAZY C WATER SERVICE
(CC&N EXTENSION)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

JANUARY 4, 2016

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

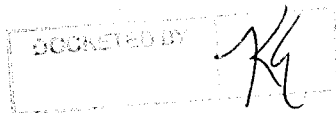
JANUARY 12, 2016

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

DEC 23 2015



JODI JERICH
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 SUSAN BITTER SMITH – Chairman
4 BOB STUMP
5 BOB BURNS
6 TOM FORESE
7 DOUG LITTLE

8 IN THE MATTER OF THE APPLICATION OF BOX
9 1, INC. DBA LAZY C WATER SERVICE FOR AN
10 EXTENSION OF ITS EXISTING CERTIFICATE OF
11 CONVENIENCE AND NECESSITY FOR WATER
12 SERVICE.

DOCKET NO. W-01536A-15-0269

DECISION NO. _____

OPINION AND ORDER

9 DATE OF HEARING:

November 12, 2015

10 PLACE OF HEARING:

Tucson, Arizona

11 ADMINISTRATIVE LAW JUDGE:

Belinda A. Martin

12 APPEARANCES:

13 Mr. Robert J. Canfield, II, and Ms.
14 Rebecca Hiser, on behalf of Box 1, Inc.
15 d/b/a Lazy C Water Service; and

16 Mr. Matthew Laudone, Staff Attorney,
17 Legal Division, on behalf of the Utilities
18 Division of the Arizona Corporation
19 Commission.

17 **BY THE COMMISSION:**

18 * * * * *

19 Having considered the entire record herein and being fully advised in the premises, the Arizona
20 Corporation Commission (“Commission”) finds, concludes, and orders that:

21 **FINDINGS OF FACT**

22 **Procedural History**

23 1. Box 1, Inc. d/b/a Lazy C Water Service (“Lazy C” or “Company”), is an Arizona ‘C’
24 corporation engaged in the business of providing water utility service to the public approximately six
25 miles northwest of Tucson, in Pima County, Arizona, pursuant to authority granted by the Commission
26 in Decision No. 30454 (August 16, 1957).

27 2. On July 23, 2015, Lazy C filed an application (“Application”) with the Commission for
28

1 an extension of its Certificate of Convenience and Necessity ("CC&N").

2 3. On August 24, 2015, the Commission's Utilities Division ("Staff") docketed its
3 Sufficiency Letter notifying Lazy C that the Application was sufficient pursuant to Arizona
4 Administrative Code ("A.A.C.") R14-2-402.

5 4. By Procedural Order dated August 28, 2015, the matter was set for hearing at the
6 Commission's offices in Tucson, Arizona, on November 12, 2015, and procedural guidelines and
7 deadlines were established.

8 5. On October 9, 2015, Staff filed its Staff Report recommending approval of the
9 Application.

10 6. On November 12, 2015, the hearing in this matter convened before a duly authorized
11 Administrative Law Judge. Robert J. Canfield, II, Lazy C's vice-president, and Rebecca C. Hiser, the
12 Company's Secretary, appeared and provided testimony on Lazy C's behalf. Staff was represented by
13 counsel, and Del Smith and Vicky Wallace testified on behalf of Staff. No members of the public
14 appeared at the hearing to provide comment.

15 7. On November 18, 2015, the Company docketed a Corporate Resolution authorizing Mr.
16 Canfield and Ms. Hiser to represent Lazy C at hearing.

17 **Company Background**

18 8. Lazy C provides water service to approximately 132 residential customers in Pima
19 County, with which the Company has a Public Utility License Agreement. The Company's present
20 certificated area consists of approximately one and one-half square miles. The Company's current
21 rates and charges for water service were approved in Decision No. 71832 (August 10, 2010).

22 9. Lazy C's water system's plant is located on four separate sites and consists of two wells
23 with a total production capacity of 78 gallons per minute ("gpm"), three pressure tanks, and the
24 distribution system. The Company has an interconnection with the City of Tucson consisting of a
25 meter with back-flow assembly, check valve, and a pressure regulator, and can supply 90 gpm.

26 10. Staff concludes that Lazy C's existing system has adequate production and storage
27 capacity to serve the existing and proposed CC&N area within a conventional five-year planning period
28 and can reasonably be expected to develop additional storage and production as required in the future.

11. Lazy C's existing system is regulated by the Arizona Department of Environmental Quality ("ADEQ") under ADEQ Public Water System I.D. #10-065. An ADEQ Drinking Water Compliance Report dated September 10, 2015, states that the Company's system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141, and A.A.C., Title 18, Chapter 4.

12. Lazy C is located within the Tucson Active Management Area. According to an Arizona Department of Water Quality ("ADWR") Water Provider Compliance Report dated September 1, 2015, Lazy C is currently non-compliant with ADWR requirements governing water providers and/or community water systems. Staff notes that the non-compliant items are missing or late reports, and a water loss level greater than ten percent. The Company is currently operating at a 14.7 percent level of water loss, exceeding acceptable limits.

13. Staff recommends that Lazy C monitor its water system and submit the gallons pumped and sold to determine the amount of non-account water for a full year. The Company should coordinate when it reads the well meter each month with customer billing so that an accurate accounting is determined. The results of this monitoring and reporting should be docketed as a compliance item in this docket within 13 months of this Decision's effective date. If the reported water loss is greater than ten percent, Lazy C should prepare a report containing a detailed analysis and plan to reduce the water loss to ten percent or less. If the Company believes it is not cost effective to reduce the water loss to less than ten percent, it should submit a detailed cost benefit analysis to support its opinion. In no case should the Company allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is chosen to be submitted, should be docketed as a compliance item within 13 months of this Decision's effective date.

14. Lazy C has Commission-approved Curtailment and Backflow Tariffs.

15. Lazy C has no outstanding compliance issues with the Commission.

Application

16. Lazy C received a request for service in the proposed extension area from Thomas Wiewandt, the sole owner of two ten-acre parcels. The legal description of the proposed extension area is attached hereto as Exhibit A.

18. The parties note that no new development is planned for the proposed extension area. Staff concluded, however, that if the Company receives additional requests for service from within the proposed CC&N extension area, or if the single current customer within the proposed extension area changes, Lazy C should request a Main Extension Agreement and install a minimum 6-inch main from its existing system into the proposed extension area in accordance with A.A.C. R14-2-406.

12 19. Staff concludes that Lazy C is a fit and proper entity to provide water service and it is
13 in the public interest to approve the CC&N extension.

14 20. Based on the foregoing, Staff recommends approval of Lazy C's Application.

15 21. Staff further recommends that Lazy C charge its authorized rates and charges in the
16 proposed extension area.

17 22. Staff's recommendations are reasonable and should be adopted.

23. In Decision No. 71832 (August 10, 2010), the Commission directed Lazy C to file annually, as part of its Utilities Annual Report, an affidavit attesting that the Company is current in paying its property taxes in Arizona. We believe it is reasonable to require Lazy C to continue to do so.

22 CONCLUSIONS OF LAW

23 1. Lazy C is a public service corporation within the meaning of Article XV of the Arizona
24 Constitution and A.R.S. §§ 40-281 and 40-282.

25 2. The Commission has jurisdiction over Lazy C and the subject matter of the Application.

26 3. Notice of the Application was provided in accordance with law.

27 4. There is a public need and necessity for water service in the proposed extension area as
28 set forth in the attached Exhibit A.

1 5. Lazy C is a fit and proper entity to receive a CC&N to provide water service in the
2 proposed extension area.

3 6. Staff's recommendations are reasonable and should be adopted.

4 **ORDER**

5 IT IS THEREFORE ORDERED that the Application of Box 1, Inc. d/b/a Lazy C Water Service
6 for an extension of its Certificate of Convenience and Necessity to provide water service in Pima
7 County, for the area described in the attached Exhibit A, is approved.

8 IT IS FURTHER ORDERED that Box 1, Inc. d/b/a Lazy C Water Service shall charge its
9 authorized rates and charges in the extension area.

10 IT IS FURTHER ORDERED that Box 1, Inc. d/b/a Lazy C Water Service shall monitor its
11 water system and submit the gallons pumped and sold to determine the non-account water for a full
12 year. The Company shall coordinate when it reads the well meter each month with customer billing so
13 that an accurate accounting is determined. The results of this monitoring and reporting shall be
14 docketed as a compliance item in this docket within 13 months of this Decision's effective date. If the
15 reported water loss is greater than ten percent, Box 1, Inc. d/b/a Lazy C Water Service shall prepare a
16 report containing a detailed analysis and plan to reduce the water loss to ten percent or less. If the
17 Company believes it is not cost effective to reduce the water loss to less than ten percent, it shall submit
18 a detailed cost benefit analysis to support its opinion. In no case shall the Company allow water loss
19 to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is
20 chosen to be submitted, shall be docketed as a compliance item within 13 months of this Decision's
21 effective date.

22 IT IS FURTHER ORDERED that if Box 1, Inc. d/b/a Lazy C Water Service receives additional
23 requests for service from within the CC&N extension area, or if the single current customer within the
24 extension area changes, Box 1, Inc. d/b/a Lazy C Water Service should request a Main Extension
25 Agreement and install a minimum 6-inch main from its existing system into the proposed extension
26 area in accordance with A.A.C. R14-2-406.

27 ...

28 ...

1 IT IS FURTHER ORDERED that Box 1, Inc. d/b/a Lazy C Water Service shall continue to file
2 annually, as part of its Utilities Annual Report, an affidavit with the Commission's Utilities Division
3 attesting that it is current in paying its property taxes in Arizona.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7 CHAIRMAN

COMMISSIONER

8
9 COMMISSIONER

COMMISSIONER

COMMISSIONER

10
11 IN WITNESS WHEREOF, I, JODI JERICH, Executive Director
12 of the Arizona Corporation Commission, have hereunto set my
13 hand and caused the official seal of the Commission to be affixed
14 at the Capitol, in the City of Phoenix, this _____ day
15 of _____ 2016.

16 JODI JERICH
17 EXECUTIVE DIRECTOR

18 DISSENT _____

19 DISSENT _____
20 BM:ru

1 SERVICE LIST FOR: BOX 1, INC DBA LAZY C WATER SERVICE

2 DOCKET NO.: W-01536A-15-0269

3 Robert J. Canfield, II, Vice-President
4 Rebecca Hiser, Secretary
5 BOX 1, INC. DBA LAZY C WATER SERVICE
6 P. O. Box 1
7 Tucson, AZ 85702

8 Patrick Farrell
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12 Janice Alward, Chief Counsel
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14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Thomas Broderick, Director
18 Utilities Division
19 ARIZONA CORPORATION COMMISSION
20 1200 West Washington Street
21 Phoenix, Arizona 85007

EXHIBIT A

**LAZY C WATER SERVICE
CERTIFICATE OF CONVENIENCE AND NECESSITY EXTENSION AREA
LEGAL DESCRIPTION**

Southwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 35, Township 13
South, Range 12 East; and

Southeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 35, Township 13
South, Range 12 East.